

Functional Series 600 - Budget and Finance
ADS 625 – Administrative Accounts Receivable

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ADS 625 – Administrative Accounts Receivable

625.1 OVERVIEW

Effective Date: 07/29/2002

This ADS chapter contains broad policies and accounting standards for managing and collecting administrative accounts receivable. Loan and loan guarantee receivables are not administrative receivables; they are covered by ADS 623, Financial Management of Credit Programs. Detailed procedures and regulations supporting the policies and procedures in this ADS chapter are available from the Federal government's central administrative agencies, including the Department of Treasury (**Treasury**), the Office of Management and Budget (**OMB**), the Office of Personnel Management (**OPM**), and the Department of Justice (**DOJ**). USAID's Claims Collection Standards are published as [22 CFR 213](#) and are the basis for most of the procedures in this ADS chapter. All employees involved with the issuance of bills for collection and the collection of claims are expected to be familiar with 22 CFR 213.

The Debt Collection Improvement Act of 1996 and the Federal Claims Collection Standards authorize USAID to collect debts owed to the Agency by means of administrative offset; to assess interest, penalties, and administrative costs on overdue debts against its debtors; to contract for private collection services; to disclose information on debts to credit reporting agencies; and to report compromises to the Internal Revenue Service. USAID's Claims Collection Standards, 22 CFR 213, cover the due process rights of debtors and procedures for collecting delinquent claims.

USAID debt collection programs must be comprehensive, vigorous, and uniformly applied. Consistent with the circumstances in each case, debt collection efforts must provide for timely, forceful, and persistent action to collect from the individual payee, recipient, or other person or entity legally liable for payment of the debt. All efforts by billing offices and others involved in managing accounts receivable must be designed to lead to the earliest practicable conclusion of administrative effort to effect collection.

Pursuant to the Debt Collection Improvement Act of 1996 (**DCIA**), all eligible debts that are over 180 days delinquent must be transferred to Treasury for the limited purpose of administrative offset. A debt is delinquent if it has not been paid by the due date specified in the agency's initial written demand for payment or bill for collection unless other satisfactory payment arrangements have been made. A payment due date, not more than 30 days from the date of the bill for collection or demand letter, will be included on the bill for collection or demand letter, unless otherwise provided by law. USAID ordinarily establishes the due date for payment as 30 days after the demand letter or bill for collection is first mailed or hand-delivered to the debtor.

USAID has executed an agreement with Treasury formalizing its participation in Treasury's cross-servicing program. As part of the cross-servicing program, Treasury collects eligible USAID debts by administrative offset or administrative wage garnishment, refers claims as necessary to private collection agencies, reports delinquent debt to credit reporting bureaus, and reports uncollectible debts to the

Internal Revenue Service. While the DCIA requires the transfer of debts over 180 days delinquent, USAID transfers to Treasury all eligible TIN debts 90 days after issuance of the demand letter or bill for collection. The 90-day period from the time of issuance of the bill for collection or demand letter to the transfer to Treasury allows sufficient time for each USAID billing office to complete applicable due process requirements and allow the debtor an opportunity to pay the debt in full. When a debt is transferred to Treasury for cross-servicing, all USAID collection efforts are discontinued.

625.2 PRIMARY RESPONSIBILITIES

Effective Date: 06/30/2003

a. The Chief Financial Officer (CFO)

Develops, issues, and implements the policies, procedures, and standards for managing all claims collection activities in the most efficient manner practicable and in compliance with all applicable statutes, regulations, and policies concerning the collection of non-Federal debt.

The CFO is the final appeals authority for employee waiver requests for overpayments of salary and benefits.

b. The Chief, Bureau for Management, Office of Financial Management, Central Accounting and Reporting Division (M/FM/CAR)

- Designates USAID/Washington billing offices and oversees the establishment and maintenance of accounting procedures and records controlling the amounts of USAID/Washington billings;
- Advises Mission Controllers on the methodology to be used to measure losses on all receivables and to disclose in the financial statements the major categories of receivables by amount and type and the allowance for uncollectible amounts; and
- Makes the initial decision on employee waiver requests for overpayments of salary and benefits.

Is delegated the authority by the CFO to

- Approve the removal of uncollectible amounts from the active accounts receivable account through write-off; and
- Approve final closeouts that result in the termination of all collection activity and the elimination of the debts from all further servicing. Individual debt suspension or termination greater than \$100,000 requires the approval of the Department of Justice.

***c. The Chief, Bureau for Management, Office of Financial Management, Accounting Division (M/FM/A)**

*Is the responsible billing office for billing documents prepared in USAID/W that are outside FM.

d. The Contracting or Agreement Officer

- Determines the amount of debt to be recovered under an acquisition or assistance instrument. Such a debt determination may be in the form of a negotiated settlement or a unilateral debt determination; and
- Forwards a copy of the confirmation of the negotiated settlement or the final settlement letter to the appropriate USAID billing office for numbering and recording the debt as a receivable.

e. Food for Peace Officers (USAID officials responsible for managing the implementation of Title II Programs and activities)

- Monitor commodities lost or damaged or other circumstances that give rise to claims, and furnish documentation supporting the issuance of claims to either the U.S. Department of Agriculture or the appropriate billing office as outlined in 22 CFR 211 and Handbook 9, Food for Peace; and
- Maintain follow-up files on third party claims that could result in a USAID receivable.

f. Executive Officers (EXOs) and other management officials

- Serve as billing officers in some locations for both informal and formal bills; and
- In locations where the Executive Office is not designated as a billing office, EXOs notify the appropriate USAID billing office of any indebtedness by employees for nonofficial use of vehicles, telephones, faxes, lost or damaged property, etc.

***g. The Mission Director**

*Based on delegation by the CFO, the Mission Director is authorized to settle Agency debts up to \$5,000, except employee indebtedness resulting from overpayment of salary or allowances. Standards for compromise and termination of debts are included in 22 CFR 213.

When functioning as a Contracting or Agreement Officer, the Mission Director determines the amount of the debt under a contract or assistance instrument based on the inherent authority as a Contracting or Agreement Officer within contracting authority limits.

h. The Mission Controller

- Designates Mission billing offices and oversees the establishment and maintenance of accounting procedures and records controlling the amounts of Mission billings;
- *- Transfers eligible debts with Taxpayer Identification Numbers (**TIN**) other than U.S. Direct Hire (**USDH**) employee debt to M/FM/A 90 days after issuance so that these debts can be transferred to the Treasury for cross-servicing;
- Transfers USDH employee debt that is not pending a hearing or waiver request determination to the Bureau for Management, Office of Financial Management, Payroll Division (**M/FM/P**) 90 days after issuance for collection by salary offset;
- *- Transfers eligible non-TIN debts to M/FM/A 180 days after they become delinquent; and
- *- Is the Mission billing office for billing documents prepared outside of the Mission Controller at the Mission.

i. The Chief, Bureau for Management, Office of Financial Management, Payroll Division (M/FM/P)

- Promptly notifies an employee upon discovery of an error in pay made through the National Finance Center (**NFC**). M/FM/P is the designated interface in NFC billings for USDH employee payroll-related indebtedness; and
- Ensures that collection action by salary offset is taken whenever USDH employee debt is sent in from the field.

j. The billing office

- Prepares and issues billings that comply with the policy and standards expressed in this ADS chapter and maintains the administrative case file for the debt;
- Aggressively pursues debts that are not eligible for transfer to Treasury for cross-servicing;

* An asterisk indicates that the adjacent material is new or substantively revised.

- Prepares the reports required for the effective management of USAID's collection program; and
- *- **Overseas**, the billing office is responsible for sending debts in excess of \$5,000 or employee indebtedness to M/FM/A for settlement or further processing.

625.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

***625.3.1 Financial Documentation Responsibilities**

Effective Date: 06/30/2003

*Financial documentation is any documentation that impacts on or results in financial activity. It is not limited to documentation within the Controllers' or FM operations, but includes any source material causing or resulting in a financial transaction. Cognizant Technical Officers (**CTOs**), Loans/Grants Officers, Strategic Objective (**SO**) teams, etc., are responsible for retaining financial documentation and ensuring its availability for audit.

*Basic financial documentation retention rules follow:

- *- If an action will result in a financial transaction, it must be documented;
- *- Source documentation must be readily available for audit by either the Office of Inspector General or a responsible audit entity; and
- *- The general rule of thumb for retention of financial documents is seven years; however, retention times may vary, so please refer to retention by document type in [ADS 502](#), The USAID Records Management Program. The specific financial Records Disposition Schedules are located in the Mandatory Reference Section of ADS 502, under Records Disposition Schedule, USAID/W, Chapter 15, Fiscal Management Records; and Records Disposition Schedule, USAID, Chapter 35, Financial Management Records. See also the National Archives and Records Administration (NARA) General Records Schedules, GRS 6, Accountable Officers' Account Records; and GRS 7, Expenditure Accounting Records.

625.3.2 General Accounting Standards

Effective Date: 07/29/2002

625.3.2.1 Recognition of Receivables

Effective Date: 07/29/2002

All billing offices must establish procedures to bill and collect amounts due as quickly and efficiently as possible. To achieve this objective, all billing offices responsible for

preparing bills for collection must ensure that each bill for collection is prepared within five working days following notification that an indebtedness exists.

625.3.2.2 Separate Reporting of Receivables

Effective Date: 07/29/2002

Receivables from Federal entities are intragovernmental receivables and must be reported separately from receivables from non-Federal entities. Receivables whose collection will be deposited to a host country-owned trust fund are not assets of the U.S. Government and must be accounted for and reported separately from U.S. Government assets.

The Travel and Transportation Reform Act (**Public Law 105-264**) allows Federal agencies, upon receiving a written request from a Federal contractor issuing travel charge cards, to collect by deduction from the amount of pay owed to an employee any amount of funds that the employee owes to the contractor as a result of delinquencies not disputed by the employee on a travel charge card. Any such amounts collected on behalf of a contractor must be accounted for and reported separately from U.S. Government assets. (See Mandatory Reference, [Public Law 105-264](#))

625.3.2.3 USAID versus Non-USAID Receivables

Effective Date: 07/29/2002

Receivables must be distinguished between USAID receivables and non-USAID receivables.

USAID receivables are amounts that USAID claims for payment from other Federal or non-Federal entities that USAID is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection.

Non-USAID receivables are amounts that USAID collects on behalf of the U.S. Government or other entities, which it is not authorized to spend.

625.3.2.4 Recognition of Losses due to Uncollectible Amounts

Effective Date: 07/29/2002

Losses on receivables must be recognized when it is more likely than not that the receivables will not be totally collected. Each billing office determines losses due to uncollectible amounts based on an analysis of both individual accounts and a group of accounts as a whole.

625.3.3 Applicability of Federal Claims Collection Standards (FCCS)

Effective Date: 06/30/2003

*The Federal Claims Collection Standards (**FCCS**) and 22 CFR 213 are not applicable to sovereign debts and the other debts excluded in the FCCS and 22 CFR 213. They are also not applicable to the determination of the amount of a claim arising under

contracts and assistance instruments (including agreements with foreign governments). Once the Contract or Agreement Officer has made his or her final determination and referred the debt to the Mission Controller or M/FM/A for collection, the [FCCS](#) and [22 CFR 213](#) apply to the collection efforts, except for sovereign debts. For example, a debt in excess of \$100,000 under a contract that has been referred to M/FM/A for collection and that has exhausted all appeal efforts can only be compromised or settled by M/FM/A with Department of Justice approval.

For the collection of sovereign debts, Missions must, however, generally follow the procedures established in this ADS chapter to systematically and aggressively initiate collection action. The Mission Director compromises, suspends, or terminates sovereign debt claims not exceeding \$5,000 that have received a final determination letter or its equivalent after appropriate legal clearance. The CFO compromises, suspends, or terminates sovereign claims exceeding \$5,000 based upon recommendations from the Mission Director and appropriate legal clearance.

625.3.4 Applicability of USAID's Cross-Servicing Agreement With Treasury

Effective Date: 07/29/2002

a. USAID's policy is that all debts other than employee debt and sovereign and foreign debts are to be transferred for cross-servicing to Treasury as soon as possible 90 days after issuance of the bill for collection or demand letter. The initial bill for collection or demand letter must, among other things, inform the debtor of the payment due date, which is not more than 30 days from the date of the bill for collection or demand letter. The initial bill for collection or demand letter must also outline the steps that may be taken to collect the debt, including referral to Treasury. (See Mandatory Reference, [22 CFR 213](#), for a complete listing of the due process rights of debtors that must be included in the bill for collection.) When a debt is transferred to Treasury for cross-servicing, all USAID collection efforts are discontinued.

b. Foreign debtors (**debtors located overseas who do not have and are not entitled to a Taxpayer Identification Number**) are subject to the [Debt Collection Improvement Act](#) (DCIA) provisions. USAID's proximity to foreign debtors and its established procedures allow for the offset and collection of most foreign debts. Foreign debts require the most aggressive collection permitted in the local environment to protect the U.S. Government's interest. They are an exception to the rule and are not referred to Treasury for cross-servicing 90 days after issuance. However, any foreign debt over 180 days delinquent that is not in the process of being collected must be transferred to Treasury.

c. USAID employee debt is normally sent to M/FM/P 90 days after issuance for salary offset by the payroll servicing office in NFC. (See [625.3.6.4](#) for details on employee claims.)

625.3.5 Charges for Late Payments

Effective Date: 07/29/2002

If payment is not received by the payment due date (**not more than 30 days after issuance of the bill for collection or demand letter**), interest, penalties, and administrative costs will be accrued and added to the indebtedness as outlined in [22 CFR 213](#).

Late payment charges collected (**interest, administrative charges, and penalties**) must be recorded into the following miscellaneous receipt accounts:

- a. **Interest.** Account 721435, General Fund Proprietary Interest, Not Otherwise Classified.
- b. **Administrative Charges and Penalties.** Account 721099, Fines, Penalties, and Forfeitures Not Otherwise Classified.

625.3.6 Account Servicing

Effective Date: 07/29/2002

625.3.6.1 Billing the Debtor

Effective Date: 06/30/2003

*a. **The appropriate Financial Management (FM) activity (Controller or USAID/W)** should bill and record the receivable within five working days of the event or discovery of the event that gives rise to the debt. Form AID 7-129, Bill for Collection, is no longer prescribed as the only authorized billing document. The negotiated settlement or the final settlement letter issued by a Contracting or Agreement Officer is used as documentation of debt due from a contractor or grantee. The revised [AID 7-129](#) incorporating due process requirements is now available as an electronic form. The bill for collection or demand letter is dated with the date on which it is mailed, hand-delivered, or otherwise transmitted to the debtor. **For billing documents prepared outside of FM activities such as demand letters (see AAPD 03-07, Instructions to Contracting/Agreement Officers on their Role in the Debt Collection Process), http://www.usaid.gov/procurement_bus_opp/procurement/cib/pdf/aapd03_07.pdf the appropriate FM billing office (Mission – Controller; USAID/W – M/FM/A) must process the accounts receivable within five business days of receipt.** The receivable **must** be recorded in the appropriation or fund that will be credited when collections are accomplished.

*For accounts receivable related to audit recommendations, refer to ADS 595, Audit Management Program, paragraph [595.3.1.3](#).

b. The initial bill for collection or demand letter must include the appropriate information and due process procedures as outlined in [22 CFR 213 Section 213.9](#), Written Notice.

* An asterisk indicates that the adjacent material is new or substantively revised.

625.3.6.2 Claims Originating Under Acquisition and Assistance Instruments

Effective Date: 06/30/2003

a. The Contracting or Agreement Officer must determine the amount of debt to be recovered under acquisition or assistance instruments. Contracting and Agreement Officers under their authority to enter into contracts and assistance instruments have the inherent authority to determine the amount of claims arising under them. This authority is not limited by the monetary limits of the FCCS. This debt determination may be in the form of a negotiated settlement or a unilateral debt determination.

Negotiated settlement occurs when the Contracting or Agreement Officer and the contractor or recipient (**the debtor**) agree on the amount of debt. The Contracting or Agreement Officer must issue a confirmation of the negotiated settlement to the contractor or recipient upon the completion of negotiations.

When a negotiated settlement cannot be reached, the Contracting or Agreement Officer must issue a unilateral debt determination. This constitutes a final decision pursuant to the applicable dispute provisions for the award.

b. The Contracting or Agreement Officer must send the contractor or recipient a letter confirming the negotiated settlement or unilateral debt determination, which must be accompanied by a written demand for payment (**demand letter**). This demand for payment serves as the bill for collection. The demand letter should include the appropriate elements of [22 CFR 213 Section 213.9](#), Written Notice. Since negotiations with the debtor have taken place and any appeal is subject to the procedures spelled out in the contract or agreement, the due process rights of the debtor should be appropriately modified.

Any debtor with a Taxpayer Identification Number (**TIN**) should be advised in the demand letter that 90 days after issuance, the office managing the bill will refer the debt to the Department of Treasury for collection unless the claim is paid or recovery can be made through recoupment or administrative offset. The demand letter must be mailed on the date it is signed and dated by the Contracting or Agreement Officer.

The Contracting or Agreement Officer must forward a copy of the negotiated settlement or unilateral debt determination along with the demand letter (**if not included in the settlement or determination**) to the appropriate billing office, which assigns a bill for collection number and records the debt as a receivable.

*c. If the contractor or recipient challenges the Contracting or Agreement Officer's determination on a claim through a formal dispute process or court action, the Mission Controller or Chief, M/FM/A, in coordination with the Contracting or Agreement Officer, must determine whether to suspend collection action until the appeal or court action is resolved. However, interest on the outstanding amount of the debt will continue to accrue during the formal appeal process or litigation, subject to final adjudication.

* An asterisk indicates that the adjacent material is new or substantively revised.

625.3.6.3 Title II Claims

Effective Date: 07/29/2002

Under 22 CFR 211, nongovernmental cooperating sponsors generally handle their own claims for loss and damage. USAID is the billing office, however, for governmental cooperating sponsors who assign to USAID the rights that they have to any claims that arise in an intermediate country and for claims against ocean carrier contracts booked by USAID. The proceeds of such claims are returned to the U.S. Department of Agriculture's Commodity Credit Corporation (**CCC**) pursuant to agreed procedures. USAID must bill in U.S. dollars and pursue any legally enforceable claims. Collections for claims that arise in an intermediate country and are paid in local currency must be deposited to account 72-12X4336.

The sale of commodities unfit for authorized use, except for monetization programs, must be deposited to account 72-12X4336.

625.3.6.4 Employee Claims

Effective Date: 06/30/2003

a. Bills for collection or demand letters issued to employees must conform to the due process requirements of [22 CFR 213.21](#), [213.22](#), and [213.23](#). When USAID is not the creditor agency, prior to making an offset the paying office must obtain a certification from the creditor agency to indicate that due process rights were observed.

b. If satisfactory repayment arrangements are not met, USAID can offset the debt against pay that is due to the employee. Recovering employee claims through salary offset is limited to 15 percent of disposable pay. USAID normally refers U.S. Direct Hire (USDH) employee claims to the National Finance Center (**NFC**) for collection instead of the Department of Treasury. NFC is the payroll agent for USAID and can easily and efficiently collect USDH employee indebtedness. The billing office must send USDH employee debt that is not pending a hearing or waiver request determination to M/FM/P 90 days after issuance for collection by salary offset.

c. The billing office may send the debts of employees other than USDHs that cannot be collected by administrative offset against other amounts due to the employee to other salary disbursing offices or to Treasury for collection. The Treasury Offset Program combines administrative and salary offsets. Claims referred to NFC or Treasury must comply with 22 CFR 213, and the employee is responsible for any administrative costs that NFC or Treasury ordinarily charges for collection through offset.

*d. Employee indebtedness is never considered to be uncollectible as the basis for Mission action on compromise of the claim, termination of collection action, or waivers in connection with erroneous payment of pay, travel, transportation, relocation expenses, or allowances. Only M/FM/A can effect disposition of uncollectible employee debt, including waiver of claims, pursuant to delegations of authority from the CFO.

* An asterisk indicates that the adjacent material is new or substantively revised.

e. Unless one of the exceptions outlined in [22 CFR 213.22\(b\)](#) apply, the initial bill for collection or demand letter should include the following:

- The determination that a debt is owed, including the origin, nature, and amount of the debt;
- The date on which payment is due (**not more than 30 days after issuance of the bill for collection**);
- The steps the Agency will take to enforce collection if payment is not received by the due date (**salary offset or referral to Treasury for cross-servicing for an amount not to exceed 15 percent of disposable pay until the debt is satisfied as soon as possible after the due date**);
- Instructions for electronic payment methods;
- The debtor's right to propose a repayment agreement acceptable to USAID;
- The interest, penalty, and administrative costs (see [22 CFR 213.22\(n\)](#)) that will be added to the debt if it is not paid by the due date;
- The debtor's right to inspect and copy records related to the debt;
- The debtor's right to request an administrative hearing on the debt, as outlined in [22 CFR 213.22\(d\)](#), by a hearing official not under the control of USAID, if a request is filed in writing with the Deputy Chief Financial Officer within 15 days of the date of the bill for collection. If a hearing is held, the employee is entitled to a written decision within 60 days on the following issues:
 - (1) The Agency's determination concerning the existence or amount of the debt; and
 - (2) The repayment schedule, if it was not established by written agreement between the employee and the Agency.
- That any knowingly false or frivolous statements, representations, or evidence may subject the employee to
 - (1) Disciplinary procedures under 5 U.S.C. 75 or any other applicable statutes or regulations;
 - (2) Criminal penalties under 18 U.S.C. 286, 287, 1001, and 1002 or other applicable statutory authority; or

(3) Penalties under the False Claims Act, 31 U.S.C. 3729-3731, or any other applicable statutory authority.

- Any other rights and remedies available to the employee under statutes or regulations governing the program for which the collection is being made. In certain instances an employee may have a statutory right to request a waiver of overpayment of pay or allowances. (See Mandatory Reference, [CFO Policy on Waiving Claims Against USAID Employees for Erroneous Payments](#)); and
- The name, phone number, and address of an individual to contact within the Agency.

625.3.6.5 Handling Disputes for All Claims Other Than Claims Arising Under Acquisition and Assistance Instruments and Employee Claims
Effective Date: 07/29/2002

If a debtor disputes the determination of indebtedness in the Bill for Collection, the billing official must consult with the appropriate USAID legal advisor to determine whether the dispute contains issues of credibility or veracity that will require an oral hearing under [22 CFR 213.10](#). Based on counsel's review of the documents giving rise to the indebtedness, the billing official will inform the debtor that either a paper review has been made and the effect of such a review on the indebtedness or that the debtor has been granted an oral hearing. The billing official and USAID legal counsel will choose an appropriate individual to conduct the oral hearing.

625.3.6.6 Claims Involving Criminal Activities or Misconduct
Effective Date: 07/29/2002

- a. The CFO must refer cases of suspected criminal activity or misconduct to the USAID Office of Inspector General (**OIG**). OIG has responsibility for investigating or referring the matter, where appropriate, to the Department of Justice (**DOJ**) and/or returning it to the CFO for further action. Examples of activities that must be referred are matters involving fraud, antitrust violations, embezzlement, theft, false claims, or misuse of government money or property.
- b. The CFO may not administratively compromise, terminate, suspend, or otherwise dispose of debts involving criminal activity or misconduct without the approval of DOJ.

625.3.6.7 Billing Office Records
Effective Date: 07/29/2002

- a. The billing office must maintain a bill register for all bills issued until the formal accounting system incorporates an integrated billing system. The bill register must include

- (1) The date of the bill,
- (2) The bill number,
- (3) The name of the debtor,
- (4) The amount of the bill,
- (5) A description of the claim, and
- (6) A column for the date paid or date transferred to Treasury.

b. The bill number (**until the billing function is incorporated into the formal accounting system**) should consist of 10 digits composed of the following segments:

- (1) Billing office code - two digits. Use 00 if there is only one billing office;
- (2) Country code - three digits;
- (3) Type of billing code - one digit. Use 1 for Title II claims, 3 for suppliers, 4 for employees, 8 for claims against the host country and other sovereign entities, and 9 for other Federal entities; and
- (4) Sequential bill number - four digits without regard to fiscal year or type of billing.

c. The billing office must open an administrative file for each bill issued. The administrative file must contain written evidence substantiating the indebtedness, the bill for collection or demand letter issued, and the efforts made to collect the claim. All communications between the billing office or others involved in the collection process and debtors, including summaries of phone conversations and personal interviews, must be documented in the file. In all cases, the information retained in the files must be sufficient to support USAID's collection actions, including possible litigation in the courts. The billing office must forward this file to M/FM/A if the claim is transferred to Treasury for cross-servicing or, as required by the DCIA, 180 days after delinquency.

625.3.6.8 Reconciliation and Reporting

Effective Date: 06/30/2003

*a. The billing office maintains separately all debt administrative files containing bills issued and not fully paid. These files are reviewed monthly to determine the age of each outstanding receivable and to initiate appropriate action for referring TIN claims after 90 days through M/FM/A to Treasury, or to initiate follow-up action in the case of non-TIN debts.

*b. Information necessary to complete Treasury Schedule 9, Report on Receivables Due from the Public, is due from all billing offices on a quarterly basis or other timetable

in the format established by M/FM/A. Schedule 9 is a combined accounting/management information form. Schedule 9 captures information on

- The number and dollar amount of total receivables owed to the Federal government;
- The type of receivables; and
- The quality and collectibility of the accounts receivable portfolio, through aging schedules and exemptions.

*c. Billing offices must make the initial determination required by Statement of Federal Financial Accounting Standards Number 1 that it is **"more likely than not that a receivable will not be totally collected"** and establish an appropriate amount for the allowance for loss account. Information on outstanding receivables is assembled in accordance with the Schedule 9 data call instructions made by M/FM/A and provided to the Congress, the Office of Management and Budget, agency Chief Financial Officers, the Federal Credit Policy Working Group, and other officials and representatives of Federal and state organizations, private sector organizations, and the public.

625.3.7 Debt Collection

Effective Date: 07/29/2002

625.3.7.1 General

Effective Date: 07/29/2002

Each billing office must aggressively follow up on all delinquent receivables. USAID debt collection efforts must provide for timely, forceful, and persistent action to collect from the individual payee, recipient, or other person or entity legally liable for payment of the debt. All efforts by billing offices and others involved in managing accounts receivable must be designed to lead to the earliest practicable conclusion of administrative effort to effect collection.

USAID policy is that all eligible debts with TIN numbers are referred to Treasury as soon as possible 90 days after the billing debt for collection and that eligible debts without TIN numbers are forwarded 180 days after they become delinquent. The billing office must coordinate with the Contracting or Agreement Officer on collection actions related to claims that originate under acquisition or assistance instruments. The policies and procedures for issuing and collecting claims due from employees and other debtors are included in [22 CFR 213](#).

The billing office must ensure that collection and deposit of funds are made in a timely manner and in a way that is most advantageous to the government. Collection by Electronic Funds Transfer (**EFT**) or through the Automated Clearing House (**ACH**) is the preferred method of receiving funds. When a collection item cannot be identified, the deposit must be made to 72F3875, A.I.D. Budget Clearing Account (**Suspense**). Any deposit to this account must be cleared within 30 days of the deposit.

* An asterisk indicates that the adjacent material is new or substantively revised.

There are three basic methods to satisfy a debtor's indebtedness: (a) direct payment by the debtor, (b) recoupment from amounts due under the same award, and (c) administrative offset from other funds due to the debtor.

a. Direct Payment. A direct payment occurs when the debtor pays the bill for collection by electronic means (**the preferred method**) or through the issuance of a check.

b. Recoupment. Recoupment action should be initiated from amounts that are due or will become due within a reasonable period under the same award. The Contracting or Agreement Officer should provide the awardee with written advance notice of the recoupment action in the initial demand for payment that outlines the amount and nature of the debt and late payment charges.

c. Administrative Offset. When payment has not been made by the payment due date, the billing office may undertake action to administratively offset the debt and any late payment charges from payments owed to the debtor in accordance with the provisions of [22 CFR 213](#).

625.3.7.2 Eligible Debt for Transferring to Treasury

Effective Date: 07/29/2002

At the conclusion of the 90-day period for TIN debt other than USDH employee debt and the 180-day period for non-TIN debt, all debt in excess of \$25 that is not in the process of being collected and is not in litigation must be transferred to Treasury. Billing offices may combine small debts owed by the same debtor to meet the \$25 threshold. Debts in an administrative appeal process must be transferred once the appeal process is completed and the amount due has been fixed. The date of delinquency will still be the date that the original payment was due. Debt that the billing office expects to collect within three years by offset or through approved repayment agreements must be retained and the collection process managed by the billing office.

625.3.7.3 Subsequent Demands for Payment – TIN Debts

Effective Date: 06/30/2003

*If payment is not received by the due date, the billing office must send one additional written demand letter within 15 days after the due date reminding the debtor that late payment interest is now due and that if payment is not received, the debt will be sent to Treasury for collection purposes, which will result in additional administrative charges. Employee debt will also be subject to transfer to Treasury for cross-servicing. Treasury may refer the debt to a private collection agency, recover the debt from any tax refund that may be due, report the debt to a credit reporting bureau, and collect administrative fees in addition to any late payment interest and penalty charges. If a settlement or response is not received within 90 days of the initial bill for collection or demand letter, the billing office must send the debt administrative file to M/FM/A for forwarding the delinquent receivable to Treasury.

625.3.7.4 Subsequent Demands for Payment – Non-TIN Debts

Effective Date: 06/30/2003

*If payment is not received by the due date, the billing office must send three progressively more strongly worded demand letters at 30-day intervals until the efforts result in payment in full, a satisfactory installment plan arrangement, or an administrative determination that the debt is uncollectible through means available to USAID. If a settlement or response is not received within 180 days of the due date established in the initial bill for collection or demand letter, the billing office must send the debt administrative file to M/FM/A for forwarding the delinquent receivable to Treasury.

625.3.7.5 Installment Payments

Effective Date: 07/29/2002

Whenever possible, the billing office should collect claims including interest and penalties in full in one lump sum. If the debtor is financially unable to pay the indebtedness in one lump sum as outlined in 22 CFR 213, payment may be accepted in regular installments. The size and frequency of the payments must bear a reasonable relation to the size of the debt and the debtor's ability to pay. Insofar as possible, payment should be sufficient in size and frequency to liquidate the government's claim in no more than three years. Payments of less than \$50 should be accepted only in unusual circumstances. When payments are received on a delinquent account receivable, payment must be applied in the following order:

- a. Penalties,
- b. Administrative cost,
- c. Accrued interest, and finally
- d. Principal.

Form [AID 7-128](#), Notice of Collection/Adjustment, has been issued in electronic format but is no longer prescribed as the only authorized collection/adjustment document for a bill for collection. The billing office must document partial collections by preparing either Form AID 7-128 or equivalent documentation, which becomes part of the administrative debt file.

625.3.7.6 Collection by Offset

Effective Date: 07/29/2002

USAID uses collection by offset to apply payments due under other obligations owed to the debtor against delinquent debts. The initial demand letter or bill for collection must include, among other due process rights, notification to the debtor of the nature and amount of the debt and of the intent to collect by administrative offset.

* An asterisk indicates that the adjacent material is new or substantively revised.

Within 15 calendar days after receipt of the bill for collection or demand letter, the debtor may request a review with the appropriate office. The review may cover the existence of the debt, the amount of the debt, or the terms of repayment. **An oral hearing is not required when the question of indebtedness can be resolved by a review of the written record.** The review must be conducted by a designated USAID official not involved in the collection of the debt. The designated official determines whether the amount of the debt should be reduced, terms of payment through installments should be set, or the amount should be paid in full. (See [22 CFR 213](#) for guidance on compromise.) The official may negotiate with the debtor a written agreement for repayment of the debt that is satisfactory to the debtor and USAID. If no written agreement is executed, the debtor does not request a review within USAID, or the official who conducted the review determines that a debt is due, administrative offset against monies payable to the debtor must be effected.

625.3.7.7 Bankruptcy

Effective Date: 07/29/2002

Immediately upon receiving notice that a debtor has filed for bankruptcy, the billing office must take action to protect the government's interest.

- a. The billing office must forward a copy of the bankruptcy notice to the Office of the General Counsel (**OGC**) or the Regional Legal Advisor (**RLA**) for filing a proof of claim. If the debt has been referred to DOJ, OGC or the RLA must coordinate the proof-of-claim filing with DOJ attorneys.
- b. The billing office must follow up with OGC to obtain a copy of the proof of claim for their records. No late charges will accrue from the date of the bankruptcy filing. The billing office must follow up with OGC (**or the bankruptcy trustee if legal action is completed**) at a minimum every six months, or on a case-by-case basis, for a status report on the case. OGC must forward to the billing office copies of documents relevant to the amount and date of any distribution as they are received.

625.3.7.8 Adjustment of Bills for Collection

Effective Date: 07/29/2002

The billing office must use form [AID 7-128](#), Notice of Collection/Adjustment, or equivalent supporting documentation to reduce a bill for collection when it is determined that the bill is overstated.

625.3.8 Referrals to the Department of Justice

Effective Date: 07/29/2002

- a. The CFO, through the Financial Management Service (**FMS**) of the Department of Treasury cross-servicing agreement and by direct action, refers to DOJ for litigation all claims on which aggressive collection actions have been taken but which could not

be collected, compromised, suspended, or terminated. Referrals are made as early as possible, consistent with aggressive Agency collection action, and within the period for bringing a timely suit against the debtor. Unless otherwise provided by DOJ regulations or procedures, USAID refers for litigation debts of more than \$2,500 but less than \$1,000,000 to the DOJ Nationwide Central Intake Facility as required by the Claims Collection Litigation Report (CCLR) instructions. USAID must refer debts of over \$1,000,000 to the DOJ Civil Division.

b. The CFO must clearly indicate on the CCLR the actions that DOJ should take on the referred claim.

625.3.9 Write-Off of Claims

Effective Date: 07/29/2002

Write-off is a removal of the debt from the Agency's accounting records and follows the policy and standards in OMB Circular A-129. (See Mandatory Reference, [OMB A-129](#)) The Chief, M/FM/CAR approves all write-offs in USAID.

All write-offs must be made through the allowance account. Under no circumstances are debts to be written off directly to expense. Generally, a write-off is mandatory for delinquent debt older than two years unless documented and justified to OMB in consultation with Treasury. In cases where material collections can be documented to occur after two years, the debt cannot be written off until the estimated collections become immaterial. Once the debt is written off, the Agency must either classify the debt as currently not collectible (**CNC**) or close out the debt. Cost-effective collection efforts should continue if USAID determines that continued collection efforts after mandatory write-off are likely to yield reasonable returns. In such cases, the written-off debt is not closed out but classified as CNC. If collection efforts are on-going, adequate internal controls must be maintained. The collection process continues until USAID determines it is no longer cost effective to pursue collection. At that point, the debt must be closed out.

During the period that debts are classified as CNC, USAID will maintain the debt for administrative offset and other collection tools, as described in the FCCS, until either (1) the debt is paid; (2) the debt is closed out; (3) all collection actions are legally precluded; or (4) the debt is sold, whichever occurs first.

625.3.10 Compromise, Suspension, or Termination of Collection

Effective Date: 06/30/2003

The Mission Director and other Principal Officers may compromise, suspend, or terminate collection action on claims totaling \$5,000 or less, in accordance with the delegation of authority from the CFO, the procedures set forth in 22 CFR 213, and this ADS chapter. This does not include employee indebtedness resulting from overpayment of salary or allowances,

The CFO may compromise, suspend, or terminate collection action on claims totaling \$100,000 or less. If the debt exceeds \$100,000, USAID must obtain DOJ approval in order to compromise, suspend, or terminate collection action.

***Note: The limit in each of the preceding paragraphs is exclusive of any interest, penalty, or administrative costs that may have accrued. A decision on the compromise, suspension, or termination of collection on the principal claim applies to any associated interest, penalty, or administrative charges unless otherwise specified.**

If USAID determines that a debt is plainly erroneously issued or clearly without legal merit, the Agency may terminate collection activity regardless of the amount involved without obtaining DOJ approval. Detailed procedures for the compromise, suspension, and termination of claims are contained in [22 CFR 213](#).

625.3.11 Discharge or Close-Out of Debt

Effective Date: 07/29/2002

Before discharging a debt, USAID must terminate debt collection action. Detailed procedures for discharging a debt are found in 22 CFR 213.

When USAID closes out a debt other than a foreign or sovereign debt, the Agency or Treasury under the cross-servicing arrangement must file a Form 1099C with the Internal Revenue Service (**IRS**) and notify the debtor in accordance with the Internal Revenue Code 26 U.S.C. 6050P and IRS regulations 26 CFR 1.6050P-1.

The 1099C reports the uncollectible debt as income to the debtor, which may be taxable at the debtor's current tax rate. Reporting the discharge of indebtedness to the IRS results in a potential benefit to the Federal government, because any payments made to the IRS augment government receipts. USAID reports closed-out debts on the Treasury Report on Receivables Due from the Public (**TROR**). USAID stops all collection activity, including the sale of debts, once debts are closed out. USAID will not close out debts that have been sold or are scheduled to be sold.

625.3.12 Informal Billing Procedures

Effective Date: 07/29/2002

To avoid numerous small billings to employees for indebtedness resulting from requested services (e.g., unofficial use of government vehicles, personal use of telephones and faxes), billing offices may use an informal billing system relying on memoranda or e-mails so long as adequate internal control is maintained over the indebtedness. Generally, employees should be billed and payment made as close as possible to the furnishing of the services, even if the billing has to be done on an estimated basis. If payment is not received within 30 days of the informal request, the amount must be converted to a formal bill for collection. Persistent failure to pay these informal bills should result in the loss of personal use of transportation or communication facilities.

625.4 MANDATORY REFERENCES

625.4.1 External Mandatory References

- a. [5 CFR 550, Pay Administration \(General\), Subpart K, as amended](#)
- b. [22 CFR 211, Transfer of Food Commodities for Food Use in Disaster Relief, Economic Development and Other Assistance](#)
- c. [22 CFR 213, Collection of Claims](#)
- d. [31 CFR 285, Debt Collection Authorities under the Debt Collection Improvement Act of 1996 \(DCIA\)](#)
- e. [31 CFR 900-904, Federal Claims Collection Standards, as amended](#)
- f. [Office of Management and Budget \(OMB\) Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables](#)
- g. [Pub.L. 104-134, 110 Stat. 1321, Debt Collection Improvement Act of 1996](#)
- h. [Pub.L. 105-264, Travel and Transportation Reform Act](#)
- i. [Treasury Financial Manual \(TFM\) Vol. 1, 6-8000, Other Fiscal Matters](#)
- j. [5 U.S.C. 5514, Installment Deductions of Indebtedness to the United States](#)

625.4.2 Internal Mandatory References

- a. [CFO Guidelines and Procedures on Waiving Claims Against USAID Employees for Erroneous Payments](#)
- *b. [AAPD 03-07, Instructions to Contracting/Agreement Officers on their Role in the Debt Collection Process](#)
- *c. [ADS 595, Audit Management Program](#)

625.4.3 Mandatory Forms

625.5 ADDITIONAL HELP

- a. [Chapter 13, Debt Collection, Volume III Second Edition, Principles of Federal Appropriations Law](#)

* An asterisk indicates that the adjacent material is new or substantively revised.

- b. [Workbook for Preparing Report on Receivables Due from the Public, Treasury Schedule 9](#) [this document is available in PDF format only. If you need assistance accessing this document please contact FMS at the following address:
Information Resources,
Nancy Fleetwood, Assistant Commissioner, 3700 East-West Highway,
Hyattsville, MD 20782
or call (202) 874-8000]

625.5.1 Optional Forms

- a. [Form AID 7-128, Notice of Collection/Adjustment](#) (revised 07/2002)
- b. [Form AID 7-129, Bill for Collection](#) (revised 07/2002)

625.6 DEFINITIONS

Effective Date: 07/29/2002

The terms and definitions listed below have been included into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

account servicing

The portion of the claim management cycle that includes monitoring the status of accounts of indebtedness, monitoring records of current debts, billing for amounts due, collecting amounts due, handling debtor correspondence, performing follow-up functions, and providing accurate reporting of debt portfolios. (Chapter 625)

administrative charges

Additional costs incurred in processing and handling a debt because it has become delinquent. Charges should be based on actual costs incurred or cost analyses that estimate the average of actual additional costs incurred for particular types of debt at similar stages of delinquency. Administrative charges must be accrued and assessed from the date of delinquency. (Chapter 625)

administrative offset

The withholding of money payable by the United States to or held by the United States for, a person to satisfy a debt the person owes the government. (31 CFR 213.2) (Chapter 625)

administrative wage garnishment

The process by which Federal agencies require a private sector employer to withhold up to 15 percent of an employee's disposable pay to satisfy a delinquent debt owed to the Federal government. A court order is not required. (31 CFR 213.2) (Chapter 625)

bankruptcy

A process established under Federal law whereby a debtor may seek relief from the claims of creditors. (Chapter 625)

* An asterisk indicates that the adjacent material is new or substantively revised.

bill for collection

A USAID letter or form sent to a debtor for the amount due, including interest, administrative charges, and late penalties, if applicable. The debtor's due process rights are included in the initial bill for collection. (Chapter 625)

CFO

The Chief Financial Officer of USAID or a USAID employee or official designated to act on the CFO's behalf. (31 CFR 213.2) (Chapter 625)

claim

An amount of money, funds, or property that has been determined by an agency official to be due to the United States by any person, organization, or entity, except another Federal agency. As used in ADS 625, the terms debt and claim are synonymous. (31 CFR 213.2) (Chapter 625)

Claims Collection Litigation Report (CCLR)

A report used in referring debts to the Department of Justice for litigation and enforced collection. The CCLR is also used for the referral of debts to the Department of Justice for concurrence on a proposed suspension or termination of collection action (i.e., write-off). (Chapter 625)

close-out

An action that occurs concurrently with or subsequent to the CFO's decision to write off a debt for which the CFO has determined that future additional collection attempts would be futile. At close-out, USAID or Treasury under the cross-servicing agreement reports to the IRS the amount of an inactive debt as income to the debtor on IRS Form 1099C. No additional collection action may be taken by USAID after issuance of the 1099C. (Chapter 625)

collection

The process of receiving amounts owed to the government, such as payment on a debt. (Chapter 625)

collection agency

A private sector entity whose primary business is the collection of delinquent debts. (Chapter 625)

compromise

To accept less than the full amount of the debt owed from the debtor in satisfaction of the debt based on the improbability of the recovery of the full amount and other practical considerations. (Chapter 625)

creditor agency

The Federal agency to which the debt is owed, including a debt collection center when acting on behalf of a creditor agency in matters pertaining to the collection of a debt. (31 CFR 213.2) (Chapter 625)

credit reporting agency

A credit reporting agency (also called a consumer reporting agency or credit bureau) is any person (or organization) that regularly engages in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer credit reports to third parties. (Chapter 625)

cross-servicing

Collections of debt by an organization on behalf of another agency. (Chapter 625)

currently not collectible (CNC) debt

Debt that has been written off and thereby removed as an active receivable. A record of the account may still be held by the organization unit for possible future offset or collection as well as for future credit prescreening purposes. (Chapter 625)

debt

An amount of money or property that has been determined by an appropriate organization unit official to be owed to the United States by any person, organization, or entity except another Federal agency. The term "debt" is interchangeable and synonymous with the term "claim." (Chapter 625)

debt collection

That portion of the claim management cycle dealing with the recovery of delinquent amounts due after routine account servicing fails. This activity includes the assessment of the debtor's ability to pay, the exploration of possible alternative arrangements to increase the debtor's ability to repay, and other efforts to secure payment. (Chapter 625)

debtor

An individual, organization, association, corporation, or a state or local government indebted to the United States or a person or entity with legal responsibility for assuming the debtor's obligation. (31 CFR 213.2) (Chapter 625)

default

Failure to meet any obligation or term of a credit, grant, or contract agreement that causes the lender to accelerate demand on the borrower because of the severity of the borrower's breach of the agreement. Default is often used to refer to accounts more than 180 days delinquent. (Chapter 625)

delinquent debt

Any claim that has not been paid by the date specified in the agency's bill for collection or demand letter for payment or which has not been satisfied in accordance with a repayment agreement. (31 CFR 213.2) (Chapter 625)

demand letter

A letter in lieu of a bill for collection sent to a debtor giving notification that a debt is due by a certain date, and requiring the debtor to pay applicable interest, administrative costs, and/or late penalties if not paid by the date due. The debtor must also be informed of his/her due process rights in the demand letter. (Chapter 625)

discharge

To satisfy a debt as a legal obligation through the performance of the obligation imposed under the debt instrument, such as payment in full or compromise. A debt is discharged at the time an agency stops all efforts to recover the debt because, in effect, the agency is terminating the debt, as a legal obligation of the debtor's to repay. Before discharging a debt, the Debt Collection Improvement Act requires agencies to take appropriate steps to collect the debt including offset, referral to private collection agencies, referral to Treasury or a Debt Collection Center, reporting to a credit bureau, administrative wage garnishment, and litigation. The discharge does not, however, satisfy the debtor's legal obligation to pay taxes on the debt, since it may represent taxable income to the debtor. Close out and discharge are used interchangeably in ADS 625. (Chapter 625)

disposable pay

That part of current basic pay, special pay, incentive pay, retired pay, retainer pay, or in the case of an employee not entitled to basic pay, other authorized pay remaining after the deduction of any amount required by law to be withheld (other than deductions to execute garnishment orders) in accordance with 5 CFR 581 and 582. Among the legally required deductions that must be applied first to determine disposable pay are levies pursuant to the Internal Revenue Code (Title 26, United States Code) and deductions described in 5 CFR 581.105 (b) through (f). These deductions include, but are not limited to: Social Security withholdings; Federal, state, and local tax withholdings; health insurance premiums; retirement contributions; and life insurance premiums. (31 CFR 213.2) (Chapter 625)

employee

A current employee of the Federal government, including current members of the Armed Forces or a Reserve of the Armed Forces. (31 CFR 213.2) (Chapter 625)

employee salary offset

The administrative collection of a debt by deductions at one or more officially established pay intervals from the current pay account of an employee without the employee's consent. (31 CFR 213.2) (Chapter 625)

interest

The charge assessed on delinquent debts in order to compensate the government for the time value of money owed and not paid when due. The minimum annual rate to be assessed is the Department of the Treasury's "Current Value of Funds Rate;" a higher rate may be used if the billing office unit judges it necessary to protect the government's interests. Interest is accrued and assessed from the date of delinquency. (Chapter 625)

late charges

Interest, penalties, and administrative costs related to the debt. (Chapter 625)

litigation

Legal action or process taken for full or partial debt recovery. Debt of \$2,500 or more is referred to the Department of Justice for litigation purposes. (Chapter 625)

penalty

A punitive charge assessed for delinquent debts. The rate to be assessed is set by law at no more than six percent per year and is assessed on the portion of a debt remaining delinquent more than 90 days, although the charge will accrue and be assessed from the date of delinquency. Penalties and interest are separate and distinct charges. Both must be assessed, unless otherwise provided in legislation or a contractual agreement. (Chapter 625)

receivable

An amount owed to USAID by an individual, organization, public entity, or other entity to satisfy a debt or claim. If an individual or entity has been billed, and the debt is under appeal, the debt is considered a receivable. (Chapter 625)

recoupment

A special method for adjusting debts arising under the same transaction or occurrence. For example, obligations arising under the same contract generally are subject to recoupment. (31 CFR 213.2) (Chapter 625)

referral for litigation

Referral of debts to the Department of Justice for appropriate legal proceedings; or, where the organization unit has statutory authority to handle its own litigation, referral to the office within the organization unit that is responsible for litigation. (Chapter 625)

repayment agreement

Establishes the terms and conditions governing the recovery of a debt by USAID from the borrower when a debt is rescheduled. Repayment agreements must be reduced to writing as soon as possible after such agreements are reached. (Chapter 625)

sovereign debt

Debt owed by the government of one country to the government of another. Collection of sovereign debt is normally through diplomatic means. Sovereign debt is normally retained as inactive debt after write-off. (Chapter 625)

suspend collection action

The temporary cessation of collection activity of a debt for a specified period of time. The debtor is still required to pay the debt. Suspension of collection action is most appropriate in those cases where a billing office has reason to believe that the debtor will have future ability to repay the debt and that active collection of the debt at the present time would not be productive. (Chapter 625)

tax refund offset

The reduction of a debtor's tax overpayments by the amount of legally enforceable debt owed to a Federal agency. A tax refund offset is a type of administrative offset. (Source: 31 CFR 285) (Chapter 625)

Taxpayer Identification Number (TIN)

The Social Security Number (SSN) for individuals or the Employee Identification Number (EIN) for business organizations or nonprofit entities. (Chapter 625)

terminate collection action

To cease active efforts to enforce recovery of a debt. Termination is a legal procedure, which is separate and distinct from the accounting procedure of write-off. (Chapter 625)

Treasury Schedule 9

The Treasury Report on Receivables Due from the Public is the Federal government's primary means for Federal agencies to provide comprehensive information on the non-tax debt portfolio. (Chapter 625)

waiver

The cancellation, remission, forgiveness, or non-recovery of a debt allegedly owed by an employee to an agency as permitted or required by 5 U.S.C. 5584. (Chapter 625)

withholding order

Any order for withholding or garnishment of pay issued by USAID or a judicial or administrative body. For the purposes of ADS 625 and 22 CFR 213, wage garnishment order and garnishment order have the same meaning as withholding order. (31 CFR 213.2) (Chapter 625)

write-off of administrative receivables

Removal of the debt from the agency's accounting records based on a determination by the CFO or the Treasury Department that a debt or a portion of a debt is uncollectible. If a debt is compromised, the amount no longer due must be reported as written off. All write-offs must be made through the allowance account. Generally, write-off is mandatory for delinquent debt older than two years unless documented and justified to OMB in consultation with Treasury. Once the debt is written-off, the agency must either classify the debt as currently not collectible (CNC) or close out the debt. (Chapter 625)

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